



DEPARTMENT OF AGRICULTURE

Rural Housing Service

7 CFR Part 3550

[Docket No. RHS-23-SFH-0017]

Single Family Housing Section 504 Home Repair Loans and Grants in Presidentially Declared Disaster Areas Pilot Program

AGENCY: Rural Housing Service, USDA.

ACTION: Notification.

SUMMARY: The Rural Housing Service (RHS or the Agency), a Rural Development (RD) agency of the United States Department of Agriculture (USDA), is issuing this notification to waive four regulatory requirements for the Section 504 Home Repair Loans and Grants in a Presidentially Declared Disaster Areas (PDDAs) pilot program. The Agency's intention is to evaluate the existing regulations and remove regulatory barriers to assist eligible applicants in PDDAs to improve the program usage for very-low-income homeowners that are seeking to repair their damaged homes that are in PDDAs. This notification briefly discusses the four waivers and provides contact information for additional details about the pilot.

DATES: The effective date for the four regulatory waivers is July 18, 2023. The duration of the pilot is anticipated to continue until July 18, 2025.

FOR FURTHER INFORMATION CONTACT: Anthony Williams, Management and Program Analyst, Special Programs, Single Family Housing Direct Loan Division, Rural Development, 1400 Independence Ave., Washington, DC 20250, U.S. Department of Agriculture, Email: anthonyl.williams@usda.gov; Phone: (202) 720-9649.

SUPPLEMENTARY INFORMATION:

Authority:

The RHS Single Family Housing Direct Loan Division program administers the Section 504 Loans and Grants program under the authority of the Title V, Section 504(a), of the Housing Act of 1949, as amended 42 U.S.C. 1474; and implemented under 7 CFR part 3550. As set forth in 7 CFR 3550.7, RHS may authorize limited demonstration programs to test new approaches to offering housing under the statutory authority granted to the Secretary. Such demonstration programs may not be consistent with some of the provisions contained in this part. However, any program requirements that are statutory will remain in effect.

Background

The RHS offers a variety of programs to build or improve housing and essential community facilities in rural areas. RHS offers loans, grants, and loan guarantees for single and multifamily housing, child-care centers, fire and police stations, hospitals, libraries, nursing homes, schools, first responder vehicles and equipment, housing for farm laborers, and much more. RHS also provides technical assistance loans and grants in partnership with non-profit organizations, Indian tribes, state and federal government agencies, and local communities.

The RHS administers the Section 504 Loan and Grant program with the objective to assist very low-income owner-occupants of modest single-family homes in rural areas to repair their homes. Loan funds are available for repairs to improve or modernize a home, make it safer or more sanitary, or remove health and safety hazards. For homeowners 62 years old and over who cannot repay a loan, grant funds are available to remove health or safety hazards, or remodel dwellings to make them accessible to a household member with a disability.

The following twenty-four (24) States and U.S. Territories are selected based on presidentially declared disasters in calendar year 2022, involvement in the Rural Partners Network, and to provide wide geographic and historic production variation for the pilot:

Alabama, Alaska, American Samoa, California, Florida, Georgia, Kansas, Kentucky, Minnesota, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Mexico, New York, Puerto

Rico, South Carolina, South Dakota, Tennessee, Texas, Washington, West Virginia, and Wisconsin.

New Section 504 Pilot Regulatory Waivers

RHS has determined that the following four waivers are to be tested under the new pilot (demonstration) program for the Single-Family Housing Section 504 Home Repair Loans and Grants in PDDAs, under the waiver authority provided at 7 CFR 3550.7:

- The first waiver is for pilot applicants not to be subject to the age requirement, with an exception to the requirement that applicants at least 18 years of age or older, to be eligible to apply for grants. The current regulation states that to be eligible for grant assistance, an applicant must be 62 years of age or older at the time of application (see, 7 CFR 3550.103(b)).

- The second waiver is for pilot applicants not to be subject to the restricted use of Section 504 funds (see, 7 CFR 3550.102(e)(5)) which excludes refinancing any debt or obligation of the applicant incurred before the date of application, except for the installation and assessment costs of utilities. With an exception to this requirement, repair costs that are incurred mainly as a result of disaster-related damages could be covered by the 504 programs, which traditionally excludes pre-application costs. Repairs necessitated by disaster events are often emergency in nature, and program applicants incur the costs prior to their 504 application. An exception to this requirement will enable applicants to repair disaster-caused damages and address other needed repairs.

- The third and fourth waivers are mainly in place to coordinate efforts with Federal Emergency Management Agency's (FEMA) Individual Assistance Program to provide manufactured homes as replacement housing in PDDAs:

- a. Pilot applicants are not subject to the restricted use of Section 504 funds found at 7 CFR 3550.102(e)(3), which excludes the cost of moving a mobile or manufactured home from one site to another;

b. Applicants in need of total home replacement after a disaster often need funding for the delivery of a mobile or manufactured home.

This waiver will permit Section 504 funding to pay this expense and be leveraged in replacement housing efforts. Pilot applicants are not subject to the same occupancy guidelines in 7 CFR 3550.103(a), which states, applicants must, ‘own and occupy the property’ to be eligible for the Section 504 program. The pilot removes this guideline when the applicant owns the site and will occupy the unit once installed or a permanent housing solution on the applicant’s site is anticipated within 12 months from the date of closing. This will enable applicants affected by the disaster who are anticipated to become current owners and occupiers of the property to receive assistance without meeting the stipulation upfront.

The duration of the pilot is anticipated to continue until [INSERT DATE TWO YEARS AFTER DATE OF PUBLICATION], at which time the RHS may extend the pilot program (with or without modifications) or terminate it depending on the workload and resources needed to administer the program, feedback from the public, and the effectiveness of the program. If the pilot program is extended or terminated, the RHS will notify the public by publishing a notice in the Federal Register. After RHS analyzes the findings from the results of the program, if the RHS concludes that the testing was successful, it will codify the waivers into 7 CFR part 3550 to be applied programwide.

Eligibility Requirements

Eligible participants in the Section 504 program must abide by the statutory requirements set forth in 7 CFR part 3550. Eligible PDDAs (individual and public assistance) can be found on the FEMA website at: <https://www.fema.gov/disaster/declarations>.

Paperwork Reduction Act

The regulatory waivers for this pilot contains no new reporting or recordkeeping burdens under OMB control number 0575-0172 that would require approval under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

Non-Discrimination Statement

In accordance with Federal civil rights laws and USDA civil rights regulations and policies, the USDA, its mission areas, agencies, staff offices, employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotape, American Sign Language) should contact the responsible Mission Area, agency, staff office; the or the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form, which can be obtained online at <https://www.usda.gov/sites/default/files/documents/ad-3027.pdf>, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights about the nature and date of an alleged civil rights violation.

The completed AD-3027 form or letter must be submitted to USDA by:

(1) Mail: U.S. Department of Agriculture

Office of the Assistant Secretary for Civil Rights

1400 Independence Avenue, SW

Washington, D.C. 20250-9410; or

(2) Fax: (833) 256-1665 or (202) 690-7442; or

(3) Email: program.intake@usda.gov.

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Cathy Glover,

Acting Administrator,

Rural Housing Service,

Rural Development, USDA.

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